

Message Text

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70

ACTION EB-11

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 9174

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E.O. 11652: N/A

TAGS: BPRO, PE

SUBJECT: TRADE AND INVESTMENT OPPORTUNITIES

ARISING FROM ENERGY

CRISIS

REF: STATE 040537, LIMA 1846

1. NO NEW TRADE AND INVESTMENT OPPORTUNITIES AS A RESULT OF ENERGY SITUATION OCCUR TO EMBASSY. HOWEVER, WE DO WISH TO TAKE ADVANTAGE OF REXLEL TO REVIEW FOR RECORD SOME OF EXISTING OPPORTUNITIES OF WHICH DEPARTMENT IS AWARE AND WHICH IT MAY WISH TO CONSIDER FOR POSSIBLE INCLUSION OF CASEY/DENT AGENDA. THESE ARE AS FOLLOWS:

A. PETROPERU EXPLORATION FINANCING. PETROPERU HAS FOR SOME TIME BEEN INTERESTED IN ACQUIRING ADDITIONAL FUNDS FOR ITS EXPLORATION AND DRILLING PROGRAM. SOME \$100 MILLION FOR THIS PURPOSE WERE INCLUDED IN PIPELINE PROJECT PRESENTED AT PARIS CG MEETING LAST JUNE, AND IT FORMED PART OF THE PACKAGE WHICH HAD ONCE BEEN UNDER DISCUSSION WITH JAPANESE. FOREIGN MINISTER DE LA FLOR ALSO MENTIONED THIS POSSIBILITY TO ASSISTANT SECRETARY KUBISCH IN FEBRUARY (SANTIAGO 658). SINCE

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THEN, WE HAVE BEEN INFORMED THAT PETROPERU MAY HAVE COOLED TOWARD FOREIGN BORROWING FOR THIS PURPOSE BECAUSE OF HESITANCY TO INCREASE PERU'S FOREIGN DEBT BURDEN. WE ALSO RECOGNIZE THAT PRODUCTS AND MACHINERY IN WHICH PETROPERU MIGHT BE INTERESTED ARE IN TIGHT DOMESTIC U.S. SUPPLY. WE NEVERTHELESS PUT FORWARD THIS IDEA AS POSSIBLE MEANS OF GENERATING EXPORT SALES. OFFER OF LOAN MIGHT ALSO BE MUCH APPRECIATED BY PETROPERU AND WOULD IN TURN STRENGTHEN POSITION OF U.S. OIL COMPANIES OPERATING HERE AS WELL AS IMPROVING CHANCES OF FUTURE U.S. ACCESS TO PERUVIAN PETROLEUM PRODUCTION.

B. PIPELINE PROJECT: PERU IS MOVING FORWARD ON URGENT BASIS WITH PROJECT TO CONSTRUCT TRANSANDEAN PIPELINE. LIMA 1846 DESCRIBES IN DETAIL PRESENT STATUS OF PROJECT, INCLUDING INTEREST OF BANK OF AMERICA IN PUTTING TOGETHER \$400 MILLION FINANCING PACKAGE WHICH COULD INCLUDE SOME EXIMBANK PARTICIPATION. EMBASSY WOULD URGE FAVORABLE CONSIDERATION OF WHATEVER OPPORTUNITIES MAY ARISE AS RESULT THIS PROJECT, BOTH AS MEANS OF EXPORT PROMOTION AND OF GAINING ACCESS TO ADDITIONAL SOURCES OF PETROLEUM.

C. SUPPORT FOR U.S. OIL COMPANIES. AT PRESENT TIME, SOME 19 U.S. COMPANIES HAVE SIGNED EXPLORATION CONTRACTS WITH PETROPERU. U.S. SHOULD BE ALERT TO OPPORTUNITIES TO ASSIST THEM IN THIS VENTURE. FOR EXAMPLE, EMBASSY HAS REPORTED IMMINENT SHORTAGE OF AVGAS (LIMA 1695) WHICH PETROPERU WOULD LIKE TONHOLVE THROUGH SWAP ARRANGEMENT, SUBJECT TO APPROVAL BY DEPARTMENT OF COMMERCE HARDSHIP COMMITTEE. APPROVAL WOULD HELP THEIR EXPLORATION OPERATIONS. THEIR WORKING RELATIONSHIPS WITH PETROPERU, ON WHICH THEY NOW DEPEND FOR SUPPLIES OF ALL PETROLEUM PRODUCTS, WOULD ALSO BE IMPROVED. OTHER SIMILARTW OPPORTUNITIES MAY OCCUR IN FUTURE. AS GENERAL POLICY, IN OTHER WORDS, EMBASSY BELIEVES THAT IN MAKING DECISIONS OF AN ECONOMIC/ COMMERCIAL POLICY NATURE WITH RESPECT TO PERU, THE UNITED STATES GOVERNMENT SHOULD BEAR IN MIND THAT U.S. OIL (AND MINING) COMPANIES HAVE AN INCREASINGLY IMPORTANT STAKE HERE. THEIR WELL-BEING (AND HENCE IN LONGER RUN THAT OF U.S. ITSELF) SHOULD BE A MAJOR FACTOR AFFECTING SUCH DECISIONS.

BELCHER

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